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SOCIALISM, ECOLOGY, AND DEMOCRACY

Victor Wallis

RUSSIA BETWEEN THE UNION AND THE COMMONWEALTH

Carla Lipsig-Mummé

KALECKI AND MODERN CAPITALISM

Joseph Halevi

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NOTES FROM THE EDITORS

"Most people view the riots in Los Angeles as a 'warning' about the state of race relations, and say it is time for a new emphasis on the problems of minorities and the cities." So begins a dispatch in the *New York Times* of May 11 reporting on a New York Times/CBS News Poll. The perception is of course accurate, and one can only hope that it sinks into the consciousness of the political establishment (Republicans and Democrats alike) that has so miserably misgoverned the country during these last two disastrous decades.

But it must also be said that this is no more than the beginning of an understanding of the present situation in this country today. One of the participants in the Times/CBS poll who was separately interviewed, a retired mechanic named Walter Wiaduck from Hillsdale, Illinois, adds a crucially important insight: "The Los Angeles riots were entirely predictable, because we live in a system where our strongest force is selfishness, where everybody is greedy, so that when a lot of people don't have jobs, it's natural for them to feel a lot of animosity and envy." What is this but a homely description of the system of capitalism and its shaping of the human beings who live under it in the world's most developed capitalist country?

(Continued on inside back cover)

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SOCIALISM, ECOLOGY, AND DEMOCRACY: TOWARD A STRATEGY OF CONVERSION

by VICTOR WALLIS

At the time of the Russian revolution, in 1917, the capitalist world's great powers were embroiled in a war that could well be seen as portending the system's collapse. Three-quarters of a century later, as socialism's first epoch draws to a close, the capitalist system officially breathes triumphalism and invincibility.

At one level, this confidence in the status quo is understandable. History's first sustained socialist challenge has been effectively overwhelmed. Every aspect of socialism's collapse seems to show the tenacity of capitalist precepts—whether in the succession of counterrevolutionary military threats, in the habits of hierarchy perpetuated by states of siege, in the acceptance of economic competition on enemy terms, or in the eventual seduction of the people by the glitter of consumerism and illusions of democracy.

What capitalism has not done, however, has been to emerge from its own condition of crisis. The system continues to generate, on a vast scale, problems that it is incapable of solving. The polarization of wealth and misery, after a few decades of partial interruption, has reasserted itself with a

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vengeance. Globally, the incidence of material deprivation is unprecedented. And on top of all this now comes a dramatic deterioration of the physical/biological environment.

The environmental crisis is, at its core, a crisis of capitalism. It is a function of the characteristically capitalist commitment to growth and expansion at any cost, reinforced by—and increasingly inseparable from—a pervasive, technologically sophisticated military machine, which is a major and potentially catastrophic polluter in its own right.

In considering the alternatives to this arrangement, it is important to stress at the outset that the well known environmental depredations of hitherto existing socialism are clearly traceable to its capitalist context, both internal and external. The internal aspect consists of the habits of private ambition, hierarchy, and repression that were inherited from the old regime and solidified under conditions of military encirclement. The external aspect includes, in addition to this encirclement, the technology, the emphasis on growth, and the fear of "falling behind" that came directly from the industrialized capitalist countries.

The implications of this relationship will occupy us further below. My more general concern here is to show that despite all the disappointments and failures of socialism's first epoch, a socialist approach—properly understood—remains the only possible framework for reversing environmental breakdown. Because the consequences of such breakdown will become increasingly inescapable, the setting for a renewed public discussion of socialism will not be long in coming. But it is not too soon to articulate the alternative in practical terms, encompassing immediately visible steps and proposing measures to avoid the repetition of earlier disasters.

This prospect of a healthier "second epoch" of socialism rests on an indispensable self-critical attitude, on the part of the left, with regard to the first epoch. To say that the latter's deficiencies reflected the continuing strength of capitalism, while true, is not to say that nothing could have been done differently. Similarly, to insist that socialism requires (ulti-

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mately) the elimination of capitalist influence is not to deny that important *steps* toward socialism can be taken despite such influence. But these steps can only be effective if they confront each potential distortion—be it a social practice or a mode of governing—in the light of its historical association with capitalism.

The role of democracy in advancing such a process is widely invoked; but the popular understanding of democracy is often hampered by the way the term is used in the capitalist media and even, in some instances, by progressive critics. In particular, democracy is frequently put forward as an alternative to socialism—a view that has been superficially strengthened by the return of multiparty politics to Eastern Europe in conjunction with the drive toward full restoration of capitalism.

But the actual workings of democracy cannot be described without reference to the social/economic setting within which its mechanisms are installed. In its capitalist setting, democracy—such as it is—has been notably deficient in implementing environmental policies that correspond to public need or, still more surprisingly, that even go far enough to satisfy explicitly formulated public demands.

Indeed, environmental policy under capitalism suffers under much the same kind of constraint that affects democracy itself: the constraint of class interest. On the other hand, if socialism is to serve the environment better—compared both to capitalism and to its own past—it will need to integrate environmental and democratic concerns consciously into every phase of its practice.

The Capitalist Environment

Capitalism is an inherent threat to the environment because of the primacy it gives to the profit motive. The profit motive is anti-ecological because it treats the natural environment—along with the human working class—simply as something to be used, without regard for the long-term impact that

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such use may have. While defensive actions against capital—whether by workers or environmentalists—may curb some of its abuses, there are limits to what such measures can accomplish so long as the owners or agents of capital retain their positions of power. Capital seeks to evade any constraints. If it cannot defy them outright, then it will either exert control over the regulatory process or else simply shift the sphere of its operations.

One of Marx's most enduring insights about capital is his observation about its indifference to national boundaries. This has been shown in capital's longstanding pursuit of cheap raw materials, cheap labor, low taxes, and captive markets. To these objectives, capital has more recently added its search for the most regulation-free sites for environmental destruction, whether in the form of deforestation, pesticide poisoning, dangerous industrial processes, or toxic waste dumps. The result is an arrangement in which the most severe scourges of the system—in environmental as in other matters—often emerge at great distances from the metropolis.

This is in the classic pattern of imperialism, but with a new twist. In earlier times, the ravages of empire did not affect the metropolitan populations directly unless the conquered people actually rose in revolt, provoking a costly intervention. What is new with the environmental crisis is that nature has even less regard for national borders than does capital. Toxic wastes, petroleum pollution, and deforestation—not to mention processes more confined to industrialized countries, such as the use of CFCs—have a global impact. The environment, or what Barry Commoner calls the ecosphere, thus dramatizes a feature of capitalism that is still largely ignored in mainstream debate, namely, the link between capital's achievements in one portion of the world and the devastation it has wrought elsewhere.

In sum, the various faces of the environmental crisis correspond to the various faces of world capitalism. In the United States, with its economy of automobiles, disposables, junk mail, space shuttles, and high-tech weaponry, the gener-

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ation of waste in all its forms is unmatched anywhere. Other industrialized countries are not far behind, though their extravagance is partly checked by structures carried over from earlier times (e.g., mass transit) and by a lesser military role. What used to be called the second world or socialist bloc was never able to distance itself from capitalist criteria of success; in its current phase of disintegration, we find nuclear weapons hawked on the free market as the last word in toxic waste disposal. In what is still called the third world—misleadingly in view of its lack of economic independence—the cumulative impact of the scramble for resources takes the form of technological anomalies, unregulated chemical hazards, sporadic war, and chronic hunger.

Why a Socialist Alternative Is Necessary

Despite the global scope of capital's impact on the environment, there is still a widespread tendency, even among progressive and activist commentators, to resist seeing capitalism as the root of the problem. The argument put forward regarding environmental destruction parallels older arguments regarding sexism, racism, and war. In each case, it is contended that the phenomenon was present in some form before the introduction of capitalism and that it has persisted—and in the case of the environment actually worsened—even where capitalism has been superseded. Therefore, so the conclusion goes, we are faced on each count with a distinct human propensity which, if at all modifiable, must ultimately be confronted on its own terms—by implication, as a separate problem.

It is worth considering this argument in its general form before we return to our focus on ecology.

What is at issue is *not* whether or not sexism, racism, and war each deserve immediate focused attention and action, but rather whether or not they can be effectively dealt with independently of their links to capitalism.

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The argument separating these practices from capitalism invokes history, but does so in a misleading way. It rests on a simplistic, either/or view of social configurations, according to which a given practice (like sexism) either exists or does not exist, and a given social system either has or has not completely replaced another. We have already noted the complex and problematic nature of socialism's first epoch, in which capitalism and its associated practices continued to assert themselves with great force. The assumption, therefore, that capitalism was anywhere simply "superseded" is without foundation; and the persistence—e.g., in the USSR—of social practices developed under capitalism is hardly surprising. As for the earlier transition *into* capitalism, it is indeed the case that it preserved many already existing inequities. But capitalism, in altering their context, transformed their meaning. It absorbed them into its own system of power and, in so doing, intensified their severity to an almost unimaginable degree, thus giving rise for the first time to a widely felt perception that they should—and could—be abolished.

Some of the dimensions of this transformation can be quickly sketched. Capitalism did not invent class exploitation; peasants had long had to give up a portion of their produce to an owning class. Only with capitalism, however, did manual workers have to surrender control over their time, their tools, and their work processes. Similarly, women had long had different economic roles from men, but when capitalist industry separated work from home—and as capitalist market forces later broke up family and neighborhood networks—their lives tended to grow even further apart. As for racial differences, these had little importance so long as life revolved around locally self-sufficient communities. It was Europe's imperial expansion—the groundwork for capitalism—that turned race into a pretext for exploitation, as conquered peoples were enslaved and racist myths were devised to justify their suffering. The transformation of war, finally, was particularly calamitous, as it involved turning what was mainly a

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mutually charged collision between direct combatants into the coldly administered mass production of civilian deaths.

This kind of overview of the historical process is what we owe to Marx. Unfortunately, its integrative core is what is most often lost, even in commentary that claims to be informed by Marxism. Considerable intellectual energy has been devoted to establishing not only that "existing socialist" practice was deficient, but also that Marx himself shared many of the now-outdated assumptions of the time in which he lived. All these observations may broaden our understanding of why things happened as they did. What they reflect, however, is a reality in which the *consciousness* of capitalism's enormities could not possibly emerge in every dimension at once, even in the mind of the system's most prescient critic. That consciousness depended on specific historical processes which came to fruition at different times (e.g., the introduction of capitalist industry predating conditions that could spark race- or gender-based mobilization). This in turn reflects the complexity of capitalism, as a system that touches every aspect of human existence.

The history of environmental awareness clearly exemplifies these considerations. In precapitalist society, an explicit notion of environmental limits was lacking, for the simple reason that those limits had not as yet been approached. On the other hand, ecological "insights" which nowadays seem to require extensive research were at that time matters of common knowledge (e.g., the advantages of crop rotation and composting). Present-day environmental "consciousness" arose only after those earlier, environmentally benign approaches had been destroyed. What destroyed them was not any higher development of environmental science, but rather the routine functioning of the capitalist market (in which commercial agriculture gravitates toward large-scale monoculture).

Living in a world in which capitalism is thoroughly entrenched, it requires a considerable effort of historical imagination to appreciate the all-encompassing character of the

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changes that this system brought. Such an effort has a particular importance at the present moment, because without the kind of understanding it yields, one can all too easily argue—as do so many commentators—that the unfinished socialist revolutions of the twentieth century actually constituted a new system. This is an ominous argument, but it is also a superficial one. It is ominous because it implies that problems proven to have been intractable under capitalism are equally intractable when capitalism has been done away with. But the argument is superficial because it implies that an authentic change of system can be made without moving to uproot every prop of what went before.

Capitalism, in establishing its hegemony, did just this. It left no dimension of life untouched. Work and play, family and community, war and governance, city and country: all were transformed, and all came to bear the distinctive stamp of the system that had transformed them. The process was spread over a period of centuries, and the displacement of earlier conditions or practices was very far from being simultaneous, either as between regions or as between spheres of human activity. England, for example, became capitalist before Japan; the north of Italy did so before the south; and outlying regions were conquered at different times. Similarly, the capitalist market was slow in reaching its full present-day scope: much food and clothing production was still outside the market in the late nineteenth century; now, with TV, even domestic leisure has been drawn into its web.

But whatever the pace at which capital took over, it was relentlessly consistent in imposing its governing principle: the pursuit of profit through the market. From the standpoint of the environment, the most general implication of this is what we noted earlier: the treatment of nature as a mere resource or instrument, and a lack of concern for any priorities other than those of capital itself. However much these traits may have been preserved or even intensified by any "socialist" regime, their capitalist character was inscribed on them at birth.

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Positive Ecological Models

If a second epoch of socialism ever emerges, it will differ from its predecessor in a number of ways. First, the initial region of socialist hegemony will already have had to free itself —as a precondition to its existence—from any externally based counterrevolutionary threat. Second, it will appear at a time when no capitalist country can any longer serve as a model to emulate, even in economic terms. Third, a greater number of the appropriate changes in human attitudes and conduct will already have gained currency before the structural changes are introduced. This means, among other things, that both the taking and the exercise of power will be marked by a higher level of egalitarianism and democracy. Finally, the whole process of building up to any transition will have generated far more in the way of specific proposals for revolutionary change.

This last point, which embodies the reintegration into socialism of its utopian component, is most directly pertinent here.

It is obvious that any ecologically viable form of society will have to restore certain conditions and practices that prevailed before the rise of capitalism. In particular, it will have to overcome some of the specialization bequeathed by capitalism, both in the ecosystem and in the capacities of human beings. But it will have to do all this in a way that nonetheless accommodates the vastly increased human population that the capitalist epoch has generated. In order to reconcile these partially conflicting requirements, it will have to make selective use of the scientific, technological, and cultural innovations that have developed in the interim, whether under the sponsorship of capital or in opposition to it.

But ecological strategy cannot limit itself to consideration of the ultimate goal. It has to offer immediate guidance, both in identifying useful steps and in warning against pseudo-solutions.

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The most effective short-run steps, as Commoner has emphasized, are those that entail prevention (e.g., laws banning lead additives and DDT). All such measures have been the fruit of public campaigns and have had to overcome business opposition. Prevention has a more radical thrust than regulation, since regulation can be coopted by the very forces that created the problem to begin with. Prevention, by contrast, in overcoming those forces, embodies an extension of the sphere of socially grounded priorities.

While the strongest expression of such priorities is in legislation and ultimately in social ownership, they may also under certain conditions be transmitted through the market. This can happen when the level of public information is high and when the subject of concern is a product sold directly to individual consumers and easily replaceable by a healthier alternative. Hence for instance the growing tendency of U.S. winemakers to abandon pesticides and herbicides in favor of an organic approach to viniculture.

Examples like this, however, cannot justify any general reliance on market-adaptability. On the one hand, the initial spread of ecologically informed opinion reflects the work of public-interest organs operating independently of the commercial media. On the other hand, even the most widespread ecological awareness could not by itself alter the organization of such complex services as electricity and transportation. Least of all would it suffice for the redefinition of defense needs.

Two additional market-oriented approaches deserve to be mentioned. At an individual level is the practice of "socially responsible investment"; and at the level of national priorities is the notion of the "social market economy."

The former involves limiting one's own investment to ventures that satisfy certain ethical criteria; however, it does nothing to block the flow of other funds to less savory pursuits. In a competitive setting, these will always attract the moneys required to keep them going. Thus the recycling practiced by "socially responsible" companies will not stem the efforts of

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others to concoct ever-new consumer needs—or to uncover ever-new oil deposits—for the sake of additional sales.

As for the social market economy—a capitalist economy tempered by a strong public sector and social services—several remarks are in order. First, the countries that fit this model (e.g., Germany and Japan) are not noted for the parsimony of their energy consumption. Second, their achievements in the domains of ecology and social justice have been attained despite rather than because of their market character. Third, the dominant interests in these countries have no principled commitment to "social" priorities, especially in the face of possible challenges to their position in international competition. Fourth and most generally, it needs to be repeatedly stressed that the issue of the environment is global in scope, and that territorially defined models are therefore of limited positive worth except to the degree that they approach self-sufficiency.

More promising are the steps that can be taken through ecologically inspired political action. Local measures, despite their limitations, are of interest in part because of their accessibility. An opening occurred in 1981 in London, with the election of a radical municipal government. Among its acts was what one might call a market-transmitted antipollution measure in the form of reduced busfares, leading to reduced automobile traffic. The success of this and other popular enactments was rudely undone in 1986, however, when the national government (under Margaret Thatcher) simply abolished the Greater London Council. In Bologna (Italy), the Communist city government sponsored even more sweeping public measures during the early 1970s. Buses ran free of charge during rush hour, and a process of organized public discussion led to redirected traffic flows and the elimination of cars from most of the central city. But despite the popularity of these reforms, most of them were undermined as the city became more thoroughly absorbed—through buyouts—into the national economy.

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Measures such as those of London and Bologna, like various municipal recycling programs, show something of what can be done at the level of public services. But unless such measures are part of a comprehensive program, they tend to be haphazardly introduced, often without enforcement mechanisms. In the absence of strong official encouragement, they are then easily neglected.

"Official," in the U.S. context, refers to commercial as well as governmental institutions. The capacity of these organs to change human behavior is quite remarkable, provided that all signals point in a consistent direction. A relatively benign example is the campaign against smoking. While this was initiated by independent groups, it could in part be coopted, because it pertained to individual behavior, and the self-destructive effects of the habit could be displaced—for market purposes—onto more vulnerable subjects, both at home and abroad. Within these limits, though, the anti-smoking campaign has had an effectiveness which suggests something of what could be accomplished by a serious educational campaign on environmental issues.

Such a campaign, however, would have to go beyond exhortations to individuals. It would have to target the industrial processes themselves—with legal restraints as well as propaganda—and would also have to call into question the ways in which individual market behavior is shaped. This kind of approach is at least implicitly anticapitalist and can only be led by forces that are firmly independent of corporate sponsorship. A model project along these lines is the Labor/Community Watchdog's campaign against air pollution in Los Angeles.

Finally, despite all the limitations and the primarily even negative environmental impact of first-epoch socialism, we should nonetheless take note of what instances *do* exist of a constructive approach to the environment under the regimes in question. Some of these are described and discussed in an important article by Richard Levins on agriculture in Cuba. After giving an intriguing firsthand account of how a socialist

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framework facilitated the adoption of a pesticide-free approach, Levins makes this telling observation:

"Although socialism is all too obviously no guarantee that immediate goals will not obstruct ecological wisdom, it does practically eliminate vested economic interest in perpetuating harmful practices. Therefore, a debate over technological directions is only an argument, a confrontation of opposing beliefs, but not a confrontation of opposing interests." ("The Struggle for Ecological Agriculture in Cuba," *Capitalism, Nature, Socialism,* no. 5 [October 1990], p. 140.)

Particularly in countries that have been subjected, as economic colonies, to capitalism's most severe environmental abuses, any reduction of the capitalist presence offers great scope for improvement. Nicaragua under Sandinista leadership thus made notable strides toward freeing itself of pesticide dependence.

Overall, a revolutionary political setting offers a number of distinct advantages from an ecological standpoint. Apart from reducing if not eliminating the capitalist presence, it generally presupposes an organized and alert population, more than usually confident of its own capacities and receptive to the need for change. Revolutions also find supporters in other countries, and as the Nicaraguan experience showed, the internationalists who have technical expertise are far more likely than the advisers of the old regime to favor environmentally benign technologies. (This observation takes on added weight with the collapse of the Soviet bloc, whose support for Third World revolutions, though often essential to their survival, was nonetheless framed by attitudes that were traditionally productivist and that accepted the existing international division of labor.)

The final balance on socialism and the environment cannot yet be drawn, but even the record to date is enough to challenge widespread stereotypes. Two points are clear. On the one hand, the positive achievements within a capitalist setting reflect organized resistance to market pressure, even though market mechanisms may sometimes transmit such

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resistance (much as they would respond to an effective boycott). On the other hand, the largely negative environmental impact of first-epoch socialism reflects the degree to which it remained susceptible to capitalist drives and pressures. In the occasional instances in which the latter were transcended, some very promising achievements were recorded—however modest their immediate scope.

Toward a Global Solution

The importance of being socialist rests finally, from an ecological point of view, not on how much one might view socialist environmentalism as having so far accomplished—within whatever immediate economic setting—but rather on the sheer power, pervasiveness, and danger of capitalist practice.

The emphasis on this point distinguishes the socialist position not only from that of environmental "moderates," but also from certain types of ecological radicalism. The latter, in its extreme form, embraces a certain moral absolutism with a strong focus on individual behavior (e.g., not consuming animal products) and a tendency to endow natural beings with "rights" as over against humans. This "bio-centric" view is open to criticism on a number of grounds. First, humankind is itself a natural species which as such, even as it draws sustenance from the rest of nature, is not purely and simply "against" it. Second, the concept of rights, here being used to downgrade humans, is itself a human invention. Applying it to animals facilitates a caricaturing of ecological concerns, as in the question "Which is more important, owls or people?"—used as a debating point by those who are ready to destroy not just the owls but a whole ecosystem. Third, to attack indiscriminately every act of humankind upon the rest of nature is to lose all sense of proportion. The practical effect is to weaken any campaign against the most destructive assaults upon nature, which come not from humanity as a whole, but from the priorities, the artifacts, and the actions of *particular* sets of

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human agents, whose interests are as detrimental to the majority of humankind as they are to the natural environment.

The bio-centric position represents an extreme variant of an approach that is widespread among ecological thinkers and activists. The more common "Green" view does not take aim at the human species as such, but it nonetheless tends to distance itself from any sharply focused anticapitalism. Accepting the prevalent equation of the socialist idea with its first-epoch manifestation, this approach finds an inherent similarity between socialism and capitalism. Consequently, it views an environmentally sound economy—one of small decentralized units, renewable energy sources, and nonpolluting technologies—as being distinct from either.

But if the move toward decentralization is to embrace the entire society, it must reflect a public authority strong enough to overrule capitalist concentration. How can this be done without a configuration of class power that is entirely independent of capital? And what is such a configuration if not socialism? The power factor is crucial. To avoid facing it explicitly is to discard society's only protection against the danger that the formally public authorities might themselves become (once again) agents of capital.

The decisive link, however, between socialist and ecological approaches lies in the sheer scale of any process that could put in place an environmentally sound economy. This is the process that I call *conversion,* a term whose usage has traditionally referred to the switch from a military to a civilian economy. Ecological conversion includes the traditional variety but goes much further. It is guided by the awareness that while "small" is indeed "beautiful" (in the sense that natural diversity is preferable to labor-saving specialization and monotony), (1) you don't get the small—society-wide—except by breaking up the large, and (2) given the arbitrary composition of existing large production units and settlements, the chances of health for the small will be very low unless the breakup is systematic and permanent.

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What this adds up to is the need for planning—a notion that arouses understandable but misplaced fears. For the problem is *not* whether or not planning takes place, but rather who does it, how, and for what purpose. Some sort of planning is urgent, though, because unless deliberate large-scale measures are taken, ecological efforts will be nullified by the continuation of existing ravages.

The planning must of course be democratic. This means not only that it must avoid the Soviet model, but also that it cannot proceed immediately to the level of decentralization that would be desirable in the long run. Authentic decentralization means more than just having a weak center; it means that there is effective popular control at the regional and local levels. If the center is gutted before the basis for such control is solidified (through education, through diversification within the regions, and through equalization between the regions), then power will continue being allocated via the usual capitalist-type scramble.

What democracy in the conversion-planning process has to mean is full popular participation, where people act through units to which they naturally belong, but within the framework of coherent sets of proposals which they evaluate with reference to their own needs. This process cannot be merely a vision dependent upon some future transformation. Insofar as the social institutions it requires are absent, they must be directly created by ecologically informed organizations with a popular agenda. These can then serve the dual purpose of developing the adaptive capabilities of each particular community and contributing to a movement that would eventually affect power at the center.

Where the socialist component remains essential is in understanding how the needs of the various communities can fit together in a way that leaves nobody out, but that also satisfies the environmental requirements that are global. Within a socialist framework, the sources of the largest-scale and most severe environmental destruction could be dealt with head-on, in a way that has already shown itself to be

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beyond the capacity—not to say against the interests—of capitalism.

For example, it is possible within a socialist framework to consider a transportation system that would reduce the number of automobiles by perhaps 95 percent, while still providing equal access to them for special purposes. Vast paved areas could then be restored to nature. Truck deliveries could be confined to a limited radius. The railroad system could be expanded and upgraded where it has fallen into neglect. People could use bicycles as a way to get places rather than as a mere exercising device. Drastically reduced auto traffic, in addition to cutting down the biggest single source of urban air pollution and a major source of greenhouse gases, would eliminate significant numbers of accidental deaths and injuries and a major burden on the health care, police, and legal systems.

It would also be possible to drastically shrink the armed forces, limiting their roles to those of territorial defense and disaster relief, while stripping them of any functions having to do with foreign intervention or internal repression. To the extent that comparable changes took place in other countries, even the residual defense function could be reduced, while the civic role could be demilitarized and extended to encompass some of the large-scale emergency tasks of ecological conversion, such as reforestation, the decommissioning of toxic waste dumps, and the restoration of soil paved over by obsolete roads, gas stations, and parking lots.

A further example of ecological conversion—with significant cultural benefits on the side—would be the elimination of large-scale commercial advertising, whose paper component requires, even with recycling, a continuous massive depletion of forest resources—not to mention the fuel costs of processing and delivery. In a similar category belongs the bloated sector of private bureaucracies (including law firms) that deal with corporate and personal finance, insurance, and taxes. All these activities owe their entire existence to the

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system-requirements of capitalism; none provide in any way for the direct satisfaction of human need.

To the extent that ecological conversion calls for the termination of certain activities, capitalist practice has conditioned us to think that this inevitably means throwing people out of work. Not so. Layoffs are a distinctively capitalist phenomenon, reflecting the enterprise owners' lack of concern for anything that does not directly affect their balance sheets (in this case, the fate of the laid-off workers). Conversion involves a redefinition of tasks; it entails a whole series of switchovers between different kinds of work. However, unlike the switchovers that are imposed by capital flight and plant closings, those associated with a conversion process form an integral part of the plan under which the process is carried out. As such, their terms are a subject of negotiation between the directly affected workers and the rest of the community.

The new tasks associated with conversion are almost limitless. Not only are there the emergency/transitional tasks of restoration and reconstruction. There is also the additional demand for human labor-power associated with the move away from energy-intensive and capital-intensive technologies. The new institutional arrangements have two further implications regarding work-reduction. First, should any such reduction be either necessary or possible, it can be equitably spread throughout the labor force. Second, whatever time might be saved by each worker from assigned tasks would be needed in order for him or her to participate effectively in the democratic planning process.

Back to the Present

It would be easy enough to dismiss these projections as being remote and farfetched. But in fact, they serve a number of important practical purposes. To explain this will be to clarify the basis for present action.

The first justification for a radical vision lies simply in the gravity of the problem. The threat to survival has become so

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imminent that a scenario of drastic change is now justifiable not only in objective or long-run terms but also, quite readily, in people's commonsense perceptions. As the promise of life-going-on-as-usual dries up, the readiness to take risks increases; but there has to be something with recognizable contours to aim at.

Some elaboration of the vision is important, secondly, in order to show that the changes required by a strict attention to environmental concerns do not fit the negative stereotypes of those who see critics of capitalist profligacy as "prophets of doom." On the contrary, it becomes clear that by doing what is necessary to restore the environment, we would also be addressing other widely recognized social ills (e.g., health problems, unemployment, alienation, violence). Putting an end to waste will not reduce the quality of our lives but will enhance it.

Conversely, an awareness of the alternative serves to highlight the links, in the existing order, between what we condemn (e.g., pollution) and what we take for granted (e.g., the prevalence of private cars). It thus prepares us for the inevitable failure of approaches that do not call the basic structure into question. It clarifies the overall outcome of the twenty-year experiment in environmentalism that began with Earth Day 1970: a few marginal improvements, but an overwhelming general deterioration, of which ozone depletion and global warming are only the most dramatic expressions.

Fourth, by looking at the measures that would be needed in the light of what is actually practiced, we gain a fuller sense of the impossibility of any collective turn to environmentalism on the part of the capitalist class. Companies with a primary environmental focus will remain marginal. For the rest, this or that company may take this or that measure, or—more frequently—make this or that public relations gesture, but any common action they might take, on environmental issues, would at best be guided by a concern to keep control of the process and prevent it from making any decisive inroads on capitalist growth-imperatives. Environmentalism would be

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treated as an external constraint rather than as a guiding principle.

The prodigious scope of the environmental danger gives the struggle for socialism an unprecedented level of urgency. At the same time, the insights associated with environmental awareness have combined with the impact of other progressive movements—notably, those involving race and gender issues—to broaden the scope, the appeal, and the potential transformative impact of any movement that might reach the point of being identified with this struggle.

The fact that this evolution should now find itself placed against the backdrop of a seeming collapse of socialism is ironic, but of no more than passing significance. The economic, moral, and ecological weaknesses of capitalism reflect a process which, compared to that collapse, is more long-term and less remediable. The only remedies available to capitalism are the reforms like civil rights laws that it coopts from working-class and progressive struggles; but capitalism is always careful to keep these remedies within limits dictated by its own basic interests. For socialism, on the other hand, the prognosis is more hopeful. What is remediable about socialism is not the particular regimes that have now disintegrated; it is, rather, the larger thrust of the popular movements of which those regimes were a diseased—but in part deliberately poisoned—offshoot.

To say that socialism is remediable is not to say that the process is guaranteed to succeed. The effort remains vital, however, because long-run survival will be impossible unless the needs of the whole—whether of humanity or of nature—are given priority over the acquisitive drive of a privileged minority. The current stampede toward privatization is, except for its direct profiteers, nothing more than a fad. Despite its forceful promotion in the capitalist media, it is already accompanied by moods of strong, even if ill-targeted, popular cynicism.

In terms of our present focus, the most pressing task is to break down the suspicion that still exists between discon-

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tented people on the one hand and those with an articulate and coherent global alternative—in short, a socialist ecology—on the other. Important first steps in this direction are beginning to appear, perhaps most dramatically in the form of auto workers themselves calling into question the automobile-centered transportation system. But much remains to be done, against enormous obstacles.

To the extent that an organized left movement encourages this process, particularly in its environmental dimension, it will be helping to repair a longstanding rift in left history: between the main currents of Marxism on the one hand and, on the other, the tradition going under the successive labels of utopian, anarchist, and Green.

Without going into the complex history of this relationship, we need to recall two points. The first is that, with all the strategic and political differences that separate the two traditions, they nonetheless share the long-run goal of a stateless society, i.e., one whose routine workings are structured by the people themselves rather than by a governing body placed over them. The second point is that neither tradition can succeed without the contributions of the other. Hitherto existing socialism was severely weakened by its eventual exclusion of a "utopian" component (i.e., by the loss of vision in its planning process). This reduced the ability of its implementers to recognize discrepancies between what they were doing and what they might have done. The Green approach, on the other hand, even in its humanistic (as opposed to bio-centric) form, suffers from the opposite problem. It places strong emphasis on long-term goals, but its proponents tend to argue their case as though remediable human ignorance was the only obstacle to everyone's heading in the same direction. In other words, they tend not to acknowledge the class basis for resistance to a social order that would do away with the primacy of greed.

If ecological conversion depends on democratic planning, it also depends on conversion in its older sense—i.e., the adoption of new values—at the level of the individual.

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Contrary to the messages of corporate environmentalism, however, this kind of personal conversion is not a simple matter of free choice. We cannot give up wanting a car unless we have a community that allows us to live—in the full sense of this term—without one. Personal and structural changes are mutually reinforcing; neither can succeed without the other.

At the present moment, it is the need for structural change that is most continuously evaded. Given the socialist implications of ecological requirements, and given capitalism's current show of power, this is not surprising. But as the environment deteriorates even further, the willingness of capital to sacrifice everything else to its own survival will sooner or later force the rest of us to act. Will we still have the ability to do so in a purposeful way?

NOTE ON SOURCES

Extensive references are given in the chapter from which this article is taken. The best theoretical work in this area is Barry Commoner, *Making Peace with the Planet* (New York: Pantheon, 1990). The most useful periodicals are *The Ecologist, Greenpeace Magazine, Multinational Monitor, Worldwatch,* and *Capitalism, Nature, Socialism.* An excellent work for general audiences, reflecting a certain radicalization on the part of mainstream environmentalists, is Worldwatch Institute, *State of the World 1992* (New York: Norton, 1992).

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FREE TRADE AND CONCENTRATION OF CAPITAL IN MEXICO

by JAMES W. RUSSELL

Mexican President Carlos Salinas de Gortari has announced that one of the goals of the North American Free Trade Agreement (NAFTA), currently being negotiated with the United States and Canada, is for Mexico to export products instead of labor. In reality, however, if a free trade agreement is signed, it will likely set off an increase in the number of undocumented workers crossing into the United States. NAFTA would very rapidly contribute to a great increase in the degree of capital concentration in Mexico. Capital concentration, in turn, would yield a reorganization of the country's enterprises and leave massive numbers looking for work. The roots of these potential unemployment and migration problems lie in the structure of the Mexican labor force, which is dramatically different from those of the other participants in NAFTA.

The Mexican, U.S., and Canadian Labor Forces

The most dramatic difference between the labor force of Mexico and those of its first world neighbors on the North American continent is the larger number, in relative terms, of

This is a version of a paper presented in October to a conference in Acapulco, sponsored by the Centro de Investigaciones Sobre Estados Unidos de America of the Universidad Nacional Autonoma de Mexico, on labor and the free trade agreement. James W. Russell is currently a visiting Fulbright professor of sociology at the Universidad Nacional Autonoma de Mexico.

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small business owners and, consequently, the smaller number of wage and salary workers in Mexico. Over a quarter of Mexican labor force members draw their main incomes from business profits, compared to just 8.2 percent in the United States and 8.5 percent in Canada. There are proportionately three times as many self-employed in Mexico as in the United States and Canada.

This relatively large percentage of mainly small (most often micro) business owners explains the second dramatic difference in labor-force compositions. Because there are proportionately so many more family-owned businesses in Mexico than in the United States or Canada, there are more family members working without pay.* Thus, in both the United States and Canada, over 90 percent of the labor force is made up of wage and salary workers, but in Mexico, because of the large number of independent and unpaid members, the figure for wage and salary workers is only 71 percent at most (see table).

The relatively large percentage of family business owners and unpaid laborers in the Mexican working population results in part, but not fully, from agriculture's continuing to absorb 24 percent of the labor force, compared to 3 percent in the United States and Canada (see table). Over half of Mexican small business owners are farmers.[1] But, as any citizen of or observant visitor to Mexico knows, the nation's urban streets and markets are also filled with small businesses—family-owned stores, restaurants, repair and workshops for the most part—and significant numbers of independent itinerants peddle their goods or services from place to place, or from subway car to subway car in the case of merchants who work with Metro.

*Official estimates of the size of the unpaid Mexican labor force vary considerably, depending on whether farm family children who perform chores are included. If they are included, unpaid workers make up nearly a quarter of the entire labor force. If they are not included, unpaid workers make up 3 percent of the labor force, which is still proportionately over five times as large as the unpaid portions of the U.S. and Canadian labor forces.

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Structures Of The Labor Forces, 1988–1990

	Mexico	United States	Canada
By Classes of Activities:*			
Self employed	26.6	8.2	8.5
Wage & salary employees	70.8	91.5	91.0
Unpaid employees	2.6	0.3	0.5
Total	100.0	100.0	100.0
By Sectors of Activities:**			
Primary (agriculture, mining)	24.7	3.6	5.8
Secondary (industry, construction)	27.0	25.5	23.6
Tertiary (services, commerce, transportation, utilities)	48.3	70.9	70.6
Total	100.0	100.0	100.0

*excluding not classified members for the United States
**excluding unemployed members for the United States

Sources: for Mexico, calculated on the basis of information from the *XI Censo* General *de Poblacion y Vivienda 1990,* published by the Instituto Nacional de Estadistica Geografia e Informatica (Aguascalientes); for the United States and Canada, from *Year Book of Labour Statistics 1988–1989* (International Labor Organization, Geneva, 1990).

Most of these businesses start up and operate with little capital. They survive in markets where larger, more capital intensive, and efficient businesses have yet to enter. Mexicans are thus more likely to eat out in thousands of small, independently owned family restaurants than in chain operations such as McDonald's (which exists in Mexico but is not omnipresent, as in the United States). They have their mufflers repaired or replaced in independent curbside shops rather than in

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Midas-type franchises. They buy their clothes off impromptu rods in market stalls rather than in department stores.

The current distribution of the Mexican labor force bears a resemblance to that of the United States in the 1920s before the full brunt of industrialization, monopolization, and urbanization had set in. In 1920, for example, 28.9 percent of the U.S. labor force was still occupied in primary sector agricultural and mining activities,[2] which is close to what exists today in Mexico. Correspondingly, at the turn of the century, small, family-owned businesses lined and, in some cases, filled urban streets in the United States and Canada, as they do today in Mexico. The great difference, of course, is that the United States with that labor force distribution in the 1920s was still a rich society by world standards while Mexico today with the same distribution is a poor society.

The current composition of the Mexican labor force is so different from that of its northern neighbors in part because Mexico is at a much lower level of economic development. In general, as economic development proceeds, agricultural laborers become more productive, owing to infrastructural development (construction of irrigation ditches, for example) and technological improvements (application of farm machinery such as tractors), and proportionately fewer of them are required to produce a society's food needs. Labor-saving infrastructural and technological advances in agriculture thus release countryside workers for urban factory employment. Also, technological advances enable industrial workers to become more productive, requiring fewer of them to meet society's need for industrial goods. As relatively fewer workers are needed in industry, tertiary service employment can then expand.

The United States and Canada have already gone through these developmental processes. Only 29 percent of the labor forces of the United States and Canada are engaged in primary and secondary goods production, leaving over 70 percent of the labor forces of both countries for tertiary service activities. But in Mexico over half the labor force

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continues to be needed for primary and secondary goods production, of which food is still by far the largest component (see table).

A second reason for the difference in labor-force compositions is that the concentration of business ownership is much more advanced in the United States and Canada than in Mexico. That is to say, the reason why there are so many wage and salary workers and so few business owners in the United States and Canada is that their large businesses have historically succeeded, to a much larger degree than their Mexican counterparts, in monopolizing market opportunities and squeezing out small farms, stores, and workshops.*

In sum, the Mexican labor force, compared to those of the United States and Canada, has a much greater proportion of its members working in agriculture and a much greater proportion of its members who draw their incomes from independent small business ownership. But the structure of Mexico's labor force is likely to change substantially if the brave new economic world of free trade comes to pass.

Concentration of Capital

If NAFTA is signed, tendencies which have been underway since 1982, when Mexico significantly lowered tariffs, will be considerably accelerated. Among other consequences, free trade will give large, mainly U.S., transnational corporations greater access to the Mexican consumer market. As NAFTA opens the floodgates, U.S. goods will swamp Mexico. If U.S. agricultural surpluses are dumped on the Mexican market, hundreds of thousands of small farms will go under. One K-Mart, strategically placed in Mexico City, would drive hundreds of *tianquis* (small itinerant stores) and their owners out of business.

*One of the lesser known consequences of this is that while total income is more unequally distributed in Mexico than the United States or Canada, wealth—in terms of income-producing business properties—is more equally distributed in Mexico.

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If U.S.-based large businesses are given a relatively free hand in Mexico, they will be able to accomplish rapidly what their Mexican counterparts have been doing only slowly: to drive economically anachronistic small and medium size businesses out of the commodity market and their owners into the labor market as job seekers. This will result in increasing the rate of capital concentration, on the one hand, and in expropriating and proletarianizing formerly independent members of the labor force on the other.*

Economic Displacement

Where will these displaced small business owners go? In theoretical terms, they will be obliged to enter the labor market and try to sell their ability to work, that is, if they can find an employer who is willing to buy. In this respect, the Mexican government is promising that free trade will attract U.S. and Canadian investments, as well as commodities, and that these will generate new jobs. But, most likely, new foreign investments will not be sufficient to create enough new jobs in the country to take up the slack. In all similar historical periods of massive small business displacement, the pace of employment creation has not kept up, at least in the short run, with the need. Some part of these displaced farmers and

*Some part of Mexican micro businesses though will most likely survive this onslaught of U.S. goods and marketing businesses. It is tempting here to recall C. Wright Mills' cruel quoting of Balzac, during a similar discussion in *White Collar,* that little people cannot be crushed because they lie too flat beneath the foot. More substantively, none of this analysis is meant to imply that NAFTA would necessarily initiate the elimination of *all* Mexican small businesses. It implies only that the *tendency* will be for large numbers of small businesses to be out-competed by large businesses and to therefore disappear from the market. Among the small businesses that will most likely survive will be those that serve nooks and crannies of the market that will be as unprofitable for foreign corporations to serve as they have been for Mexican large businesses, and those that offer specialized products or services of unusual quality, such as gourmet restaurants or highly skilled beauticians, which cannot be easily duplicated by corporations on large scales. Also to be considered is the cultural preference of large numbers of Mexicans to patronize small businesses and traditional markets which could act as a brake on the tendency for commercial capital to concentrate with free trade.

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merchants will thus find attractive the traditional option of crossing the northern frontier in search of work and an income.

Puerto Rico in the 1940s and 1950s offers the closest historical analogy to what is likely to happen in Mexico if unrestricted free trade relations develop. After the Second World War, U.S. agricultural surpluses were dumped on the market in Puerto Rico. The result was predictable—the depopulation of the Puerto Rican countryside and the creation of Puerto Rican ghettos in the United States. Small farmers could not compete with the low-priced agricultural products from the United States, and they found themselves, along with those merchants who depended on their business, obliged by economic necessity to migrate to the United States in search of income.

All developmental processes are associated with economic displacement and migration. But they vary in the human costs that they exact. The displacement that free trade will induce in Mexico will be unusually harsh since Mexican workers will not be able to migrate freely to sources of jobs, as, for example, displaced southern agricultural laborers, beginning in the 1920s, were able to migrate to Detroit to take jobs on auto assembly lines. There is a great difference between being forced to pick up and move to another area within your country and being forced into illegal migration across a border.

All of this is not to argue that the current distribution of the Mexican labor force should be preserved forever. Tying up such a large proportion of the labor force in low productivity farming serves neither the nation's food needs nor the needs of the farmers themselves, who in most cases live in miserable conditions. The same can be said for a large percentage of the currently existing urban small businesses. Most of them neither can provide for the society efficient forms of production and distribution of goods and services nor can provide decent incomes for their owners. In addition, one of the principal reasons that cholera is spreading rapidly in

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Mexico is that so much food is distributed through street vendors and small restaurants that lack basic sanitary facilities. These small businesses may be colorful and folkloric, but they also represent threats to public health.

The question therefore is not whether the structure of the Mexican labor force needs to change, but how, and under what conditions. As it is now, free trade will result in the displacement of large numbers of small business owners with insufficient planning for how to reintegrate them into the domestic labor force, leaving migration to the United States in search of income opportunities as the only viable alternative for many.

It is for that reason that one of the great unannounced consequences of NAFTA may well be to increase the movement of Mexican undocumented workers into the U.S. labor market. The only way to avoid this result would be for the governments involved to plan and create employment opportunities for the displaced small business owners—mainly farmers and merchants—and not just rely on market forces.

That great contemporary panacea, the market, may even out this process in the long run. But that could take decades and in the meantime massive new unemployment in Mexico could be a recipe for increased social and political instability as well as economic misery. Unfortunately, the fascination of the ruling conservative political leaders in all three countries with the supposedly self-regulating forces of the market has precluded serious planning for these likely social consequences.

NOTES

1. Calculated from the *Encuesta Nacional de Ingresos y Gastos de los Hogares, 1984* (Instituto Nacional de Estadistica, Geografia e Informatica, Aquascalientes, 1989) and *Year Book of Labour Statistics 1988–89* (International Labour Office, Geneva, 1990).
2. *Historical Statistics of the United States* (U.S. Government Printing Office, 1975), p. 138.

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RUSSIA BETWEEN THE UNION AND THE COMMONWEALTH: NEW CARPETBAGGERS AND OLD DREAMS

by CARLA LIPSIG-MUMMÉ

I went to Russia between December 7 and December 17, 1991, an incredible period in Russian history. I had been invited to participate in a conference convened by Alexander Buzgalin, leader of the Marxist Platform Group and professor in the Economics Department of Moscow State University, in conjunction with several trade unions and research institutes. The formal purpose of the conference was to discuss the current state of economic restructuring and to examine critically alternatives to Yeltsin's "wild west marketization." The unofficial purpose was to acquaint progressives from a number of Western countries with the (then) current state of the political spectrum. People of various political hues from Greece, Spain, the United States, England, Canada, Hungary, and Poland, and about sixty Russians and Byelorussians, worked together for a week, the week in which the commonwealth was crystallizing and the union was dying. We were based in a sort of resort owned by the (then) Soviet Ministry of External Affairs, some 37 kilometers outside of Moscow. By some feat, they managed to feed us meat every night and provide an open bar in which vodka flowed freely. Our hosts insisted that we dance—1950s, Dick Clark, American-Band-

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stand style. Given the ages and pedigrees of the Western participants, we were uniquely able to fulfill their expectations.

The Russian and Byelorussian participants at the conference were particularly concerned with self-management. There is some current of thinking within the anti-Yeltsin, post-Party forces which believes that self-management may offer workers in the goods-producing sectors a way to avoid the kind of highway robbery that is occurring in East Germany and Poland, where the managers of enterprises are selling them off for peanuts and pocketing the profit.

The idea of self-management, which is not—or no longer—central to our thinking, is being grasped as a lifeline by the Russians, and seems to be approached on three levels. *The first level is* self-management in the organization of work on the shop floor. Here, Buzgalin and his colleague Kolganov focus on two issues: the opening of the books and the running of factories without any employment of managers, technicians, or experts. I have to say that the last idea surprised the hell out of me, because there are very few in Canada who believe that getting rid of technicians and specialists in complex work organizations is a realistic priority.

On the next level, worker self-management as a form of property ownership attracts a great deal of Russian attention at the present time. There is a tendency to romanticize the U.S. Employee Stock Option Plans (ESOPs) and to present them as worker-directed capitalism or industrial democracy (which sent me into a frenzy). However, after some discussion with a Canadian journalist based in Moscow and a thoughtful political economist from the Institute of the U.S.A. and Canada, I understood that it is possible that the Russians may be able to adapt one or another of the U.S. worker buyout models as a way of continuing to own their factories. At present, workers are still defined by law as the collective owners of their workplaces. It is hoped that if this law is not changed, some form of worker buyout may buffer them against the East

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German debacle. It is important, however, that they harbor no illusions about the limits and possibilities of worker *buyins.*

Finally, the third level of self-management, the linking of self-managed enterprises into regional or larger systems of exchange and distribution, remains very fuzzy in everybody's mind. Everyone was enchanted by the paper presented on Mondragon, but for obvious political reasons no one had begun to think about how it might be applied to Russia or one of the other republics. Ironically, however, some haphazard microeconomic systems of distribution and exchange are already developing outside the urban centers, as strategies of survival. However, even if these microsystems remain self-managed in the sense that they exist without centralized regulation, it is not clear that they will be composed of worker-owned enterprises.

Beyond self-management, a number of other ideas were floated, including the idea of the New Economic Policy (NEP), Bukharin's market socialism. It is generally understood, however, that it is too late for that now. What is feared is what is already eventuating, a market economy so lacking in state regulation, or suffering from incoherent, uneven regulation, that it will not only impoverish workers, but will give rise to a new elite formed from elements of the old party elite-turned-businessmen, military leaders, and the semi-criminal business elite which is growing by leaps and bounds in the black economy. It is referred to as *nomenklatura capitalism.*

The outlawing of unions is also feared. Unions remain the only mass democratic force still organized in the country (although the relationship between levels of union structure is becoming unstuck), and the unionists fear that when they are able to organize real pressure on the government against inflation, against the wholesale robbery of real estate in Moscow, Leningrad, and other big cities, when that pressure becomes effective, they will be driven underground. At least one speaker at the conference, an influential trade union economist, called for a political coup against Yeltsin, but no one took the idea seriously in discussion. Which is just as well,

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since there were journalists, at least one of whom came from Radio Liberty (formerly Radio Free Europe), at this conference.

One of the things that became clear during the conference and my subsequent stay in Moscow is that the noncapitalist, post-Party groups are experiencing an astonishing renaissance of radical ideas that I, at least, assumed had been destroyed after 1929: ideas like Bukharin's market socialism, like direct self-management, like the creation of mini-economic systems of exchange based on small regions or neighborhoods and operating without state intervention, like community and neighborhood-based cooperatives. I understand that what is now being dismissed as Stalinism (stretched to describe seventy years rather than twenty-four), was truly a permafrost, trapping below the ice a range of both pre-revolutionary and early revolutionary ideals on the one hand, and pre-revolutionary hatreds on the other, both of which are now re-emerging, alive and astonishingly unchanged. On the one hand there are the ethnic and racial hatreds, the smaller xenophobias, and anti-Semitism. On the other there are the earlier dreams of a different, liberating socialism, the dreams of certain groups within the Second International as well as the first ten years of the Third.

However, if you ask me how important these ideas are, in political terms, I cannot clearly answer. It is clear that the left of the political spectrum is burgeoning with a number of small political groups that choose to call themselves parties. Most are aligned with some level of the trade union movement (more on this later), each has a charismatic male leader who would not willingly subordinate himself to any other charismatic male leader, and each is developing programs and platforms before it is organizing its base and mobilization strategies. (When I was there, the anarchists called a demo against the slow pace of reform—only 100 showed up. The unions and Kargalitsky and the Socialist Party called another demo the next day, then half-countermanded it, and only 200 showed up. A general strike was called by the Moscow Feder-

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ation of Trade Unions without consultation with its political allies, but scheduled for December 25, then countermanded when Gorbachev resigned. Oy.)

Indeed to Westerners it is quite noticeable that there is little concern with rank-and-file democracy, or rank-and-file appropriation of ideas, but there are lots of café socialist intellectuals referring to the "low cultural level" of the workers. There is also little or no preoccupation with patriarchy, nor even recognition that women are simply not equal in many, many of the aspects of their daily lives. For both men and women (not all women, but an astonishingly large number of the thoughtful), pride in the admirable efforts of the Soviet regime to provide day care, to educate women well, to open job categories, etc., blocks recognition of the continued, pervasive inequality of women in the home, the family, the double day of work. Of the core ideas which distinguish the newer progressive movements in the West, only ecology and community control have resonance in Russia. Not feminism, not really, not among men, and not among women.

The political "location" of these nonaligned forces is particularly delicate and volatile at the moment. Perhaps the only thing that links its diverse elements is (ex-post-facto) respect for Gorbachev (and what he is seen to represent is carefully left unspecified) and dislike for Yeltsin (but what he represents is all too clearly understood). But if any fragment or coalition of fragments is to become credible and effective, it must articulate a program, a strategy, and tactics which will allow it first to provide alternatives to Yeltsin's marketization, second to distinguish itself from the nostalgic Communists, and third to coalesce into a viable fighting force capable of pushing its options forward.

As of December, there were two main political groupings on the post-party left. One, the Socialist Party of Workers, is identified with Roy Medvedev. Medvedev, in an October 1991 interview, described his party as "the heirs" of the CPSU, seeking a "renewed socialism," to be distinguished from Marxism-Leninism while "guarantee(ing) maximum internal de-

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mocracy." I think that a number of Gorbachev supporters will gravitate here. The other, the Party of Labor, is identified with Boris Kargalitsky and the Socialist Party, fragments of the Marxist Platform, and was supposed to be coming into being in late December. It is impossible for me, from the outside, to evaluate these two would-be parties. I do assume, however, from the frenetic factional activity taking place within both, that the alliances underpinning each and the relations between them will change considerably over the next few months. At present they do not look to be in contact with each other and are not organizing joint actions.

It is even more difficult for me to tell you with any assurance what the links between these parties and the unions are. At least one reason for this is that the union structure is like a kaleidoscope now. I do know, however, that the Moscow Federation of Trade Unions and the Party of Labor are allies.

The structure of unionism is, of course, undergoing mind-boggling change, in ways and at a speed that I find difficult to get my mind around.

The long-time official structure, capped by the All-Union Congress of Trade Unions (now called the General Confederation of Trade Unions), and composed of a small number of big branch or sectoral industrial unions, as well as of regional groupings based on the republic, the city, and the region, has fragmented but not disappeared. In every industry, the inter-republican industrial union (e.g., the Textile and Light Industry Workers of the USSR) has become a union based on its industry in each republic separately. (Because union offices were centralized in Russia, this breakdown of inter-republican union structures causes fewer problems there than it will in the other republics, where the industrial union structure may have to be rebuilt almost from scratch.) In Russia, at least, a great deal of the dynamism seems to have flowed away from these industrial unions. And the inter-industrial Federation of Russian Unions is restructuring internally, in its ways of operating as well as in who holds key posts. I have

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been told that it is reflexively pro-Yeltsin, but I have not seen much sign of its activity.

You see dynamism in the city labor councils, though. The Moscow, Leningrad, and Volgograd labor councils are particularly active and particularly critical of Yeltsin. For the near future, I expect trade union action to be municipally or regionally based.

However, it is important not to underestimate just how unstable things are in the union world. This instability comes not only from the ravages of inflation or the breakdown of production in many sectors or the fragmentation of the distribution and exchange networks into mini-systems relying heavily on barter. It comes as well from a very real uncertainty as to who will own the places of employment, what legal rights unions will have, and how they will learn to exercise those rights.

It also became clear to me, after discussions with the Moscow Federation of Trade Unions, that the relationship between different levels of the union structure is itself in volatile evolution, and few if any of the original relationships between the *levels* of union organization are still in operation. Among other questions, the issue of who owns the really considerable union resources is quite important. Under the Soviet regime, the unions played a much broader social role than unions do here, and as such are the owners of health camps, resorts, educational facilities, guest houses, and buildings galore. It is estimated that the old All-Union Congress of Trade Unions had some 60 million rubles that are now being fought over. But if it does not succeed in recreating a pan-republican union structure (which seems most likely), and if union levels and groupings which had not been of particular importance or particularly well-funded in the old dispensation begin to grow and take on a life of their own, as is becoming the case with the municipal labor councils, how is the allocation of union funds and other resources to be decided?

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Surprisingly, to me, the independent unions such as SOTSPROF (a coalition of trade unions not formed out of the official unions), the miners, and a few others have remained small, although in some cases strategically crucial. Except for certain sectors, it would be incorrect at the present time to assume that these independent unions could become the core of Russia's next labor movement. Rather I think that the next labor movement will emerge from within the rapidly transforming present labor movement. And it is no longer correct to refer to it as the official movement, because the internal changes it has already undergone make it virtually unrecognizable. I think we have to think of it as the re-forming labor movement.

There is, in addition, an interesting new grouping, the Inter-Republican Council of Works Collectives. It seems to be drawing on leadership which did not come up through the official union ranks, to be oriented toward problems of ownership and the representation of workers in a conflictual setting. It is one of the groups that is examining self-management as a desirable form of property ownership in the post-Soviet economy. I know little about it but it warrants being known better.

During the conference outside of Moscow and the rest of my trip, I was able to meet with trade union leaders from the Moscow Federation of Trade Unions, the Inter-Republican Council of Work Collectives, the Byelorussian Federation of Unions, and the Textile and Light Industry Union of the USSR. I also had a lengthy discussion with the Deputy Director of the Institute for the Study of the USA and Canada, Plekhanov, as well as with two leading economists at Moscow State University and a number of Canadian journalists, on the subject of what help Canadian trade unionists and union-university partnerships like the Center for Research on Work and Society (CRWS) could offer. Uniformly, the trade unionists were enthusiastic about the possibility of Canadian unions and intellectuals getting involved in a systematic labor education effort within Russia.

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Two sorts of help were repeatedly mentioned. The first, which all identified as crucial, was intellectual in nature: "help us to prepare ourselves to defend workers in a conflictual system." The second sort of help was technical: help in developing a modern communication net within and between unions, in computerizing internal administration, in setting up a system for dues collection, for negotiating and bargaining a collective agreement, for doing the research necessary to back their demands both to employers and to the government.

One trade unionist said to me simply: "help us to get through this transitional time as a union defending its members."

I also think there is a third level of help that needs to be offered: working with the Russian unions to develop links between *their* academic researchers and *their* unions, developing the kind of union-academic partnership that centers like CRWS in Ontario and the Institute for Applied Labor Research (IRAT) in Quebec have created, but adapted to the Russian reality. As the unions are cut off from their traditional state sources of economic data, as they are marginalized in the social-policy formation process, as the problem of collecting and analyzing information about workers and working conditions becomes—as perhaps it always has been—highly political, unions in all the republics are going to need the skills of trained, friendly researchers who can tap into the considerable intellectual resources of the universities and quasi-independent research institutes. During this December trip and my earlier trip to Moscow, Leningrad, and Kirov last June, I found academics in Russian universities and institutes fascinated with the idea of working with Canadians who worked with Russian unions, but they had not made the direct links themselves. One union told me that part of the trouble was the marketization of union research: when they approached a research institute to prepare a demographic portrait of their membership, the researchers demanded an impossible fee.

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This, then, is the essence of what I did during those ten days. There is much more I could relate, for example, about the new breed of carpetbaggers descending on Russia, filled in equal parts with greed and contempt for the Russians about to be fleeced. Take the bankrupt Virginia real estate man come to Moscow to remake his fortune by a shady real estate deal with the manager of the Moscow Zoo (hoping to sell off a plot of land) and with the National Union of Journalists (looking for American interior finishes in their new building). Or going with my friend Helena to buy one cup of coffee each and one toasted sandwich and spending the equivalent of two months of her salary. Or trying to get around the Moscow subway when they are *de-Marxizing* the station names: they have gotten around to removing names that are no longer politically correct (like Prospect Markci), but have not gotten around to replacing them with anything. Even Muscovites were going a little crazy. I just got lost, repeatedly.

Enough.

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KALECKI AND MODERN CAPITALISM

by JOSEPH HALEVI

Collected Works of Michal Kalecki edited by Jerzy Osiatinsky, translated from the Polish by Chester Adam Kiesel:

Volume I; Capitalism: Business Cycles and Full Employment. Oxford: Oxford University Press, 1990. 614 pp. $135.00.

Volume II; Capitalism: Economic Dynamics. Oxford, Oxford University Press, 1991. 631 pp. $135.00.

The publication in English of the first two volumes of the collected works of Michal Kalecki (1899–1970) is a tribute to the intellectual importance of his contributions to the analysis of twentieth-century capitalism. The whole project will involve seven volumes, the first two of which deal with the capitalist economy. Most of the material contained in them is already well known to the community of nonconformist economists. The first volume assembles, for instance, the 1935 *Econometrica* article on the business cycle, which made Kalecki famous among mathematical economists, the booklet *Essays in the Theory of Economic Fluctuations* (1939), and his celebrated paper on the political aspects of business cycles (1943). We find also the complete version of his first Polish book *Essay on the Business Cycle Theory* (1933), a part of which appeared in Kalecki's selection of essays published in 1971 by Cambridge University Press. Likewise, the second volume features

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Kalecki's contributions to the question of full employment, written while in Oxford during and immediately after the Second World War (after a period spent at the United Nations, he returned to Poland in 1954). The centerpieces of Volume II are his classic book *Theory of Economic Dynamics,* which in the United States has been reprinted by Monthly Review Press,* along with the very important *Economic Journal* articles "Observations on the Theory of Growth" (1962)—a critique of the Keynesian approach to growth under capitalism—and "Trends and the Business Cycle" (1968)—a profoundly argued statement about the strength of stagnationist tendencies.

Alongside the writing which projected Kalecki into the world of academic and mathematical economics, both volumes include papers hitherto unavailable in English highlighting the strong interaction between political and economic analysis which permeated his thought over four decades. In this context, it is regrettable that the editor chose not to include, in either volume, Kalecki's work on the war economy, published in the Bulletin of the Oxford Institute of Statistics during the war itself. Kalecki's thinking always evolved with history. In the 1930s, he was interested in stressing the persistence of business fluctuations in a trendless economy, that is, in an economy showing no growth at all, as was the case in that period. In the postwar years, when new products were changing the structure of production and consumption, he concentrated on the impact of trend-like factors (such as innovations) in a monopolistic framework. In studying the economics of war financing, Kalecki pointed out the solid and quite inflexible grip of the capitalist classes on the distribution of national income, even under emergency conditions. Consequently, he favored rationing and direct intervention in physical production. The seeds of his subsequent skepticism about the actual implementation of full-em-

*The book is out of print. Photocopies are available from University Microfilms, 300 N. Zeeb Road, Ann Arbor, MI 48106.

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ployment and social-welfare oriented policies in peacetime can be traced back to the analyses conducted during the war. In other words, the writings of the war economy are part and parcel of Kalecki's ideas about the working of capitalism in historical time.

On the whole, despite some limitations on the selection of the papers, these volumes show beyond any shadow of doubt Kalecki's Marxist conception of history and economics. Indeed, Kalecki's culture and outlook emanated almost entirely from the Marxian milieu of Central Europe, which stretched beyond the social democratic movements. By the turn of the century, in the German-speaking and Russian-dominated areas of Europe, Marx's work was seen by large segments of the intellectual strata as a genuine scientific contribution to political economy, an attitude which today can be found in India and Japan more than anywhere else.

To put Kalecki's works into perspective, we need to keep in mind the two major historical changes which deeply influenced Marxian thought prior to the First World War. The first of these changes is the emergence of the large corporation in Germany and in the United States. This meant that accumulation could no longer be portrayed as being based on the competitive tendency toward a uniform rate of profit. The cartelization of the German economy, centered as it was on a tight integration between banks and industrial groups, led to the formulation by Austria's Rudolf Hilferding of the theory of finance capital, which, in turn, influenced the development of Lenin's ideas about the connections between monopoly capital and imperialism. The second phenomenon, this time correctly anticipated by Marx, was the growth and specialization of the capital goods sector as a distinctly separate branch of production. This was a direct result of the rise of the large corporation. Big industrial complexes, in order to attain the required economies of scale, had to build up their productive capacity well above the current level of demand. The production of machinery and equipment could no longer be confined to workshops within the firms of the consumption goods

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sector. This sectoral feature of accumulation, occurring especially in Germany and the United States, but later also in Japan, led Central European Marxists as well as non-socialist intellectuals (Tugan Baranovsky, for example), to debate whether the tendency toward an ever increasing predominance of the capital goods sector could be maintained indefinitely, or whether it would lead to an endemic problem of realization (Tugan Baranovsky, Rosa Luxembourg). Looking with modern eyes at that debate, one can say that the participants were in fact grappling with the question of capacity utilization in modern capitalism without, however, making it into an explicit issue.

Michal Kalecki's contribution lies precisely in having brought to the surface the problem of capacity utilization in monopolistic economy. In this way, his writings can be read as a synthesis and as a further original development of the ideas outlined by Lenin and Rosa Luxembourg. But Kalecki's novel approach not only revolutionized Marxian thought, it also determined a change in the overall perspective toward the business cycle in general. The theories of business fluctuations then prevailing in Europe, as expressed by Albert Aftalion, viewed depressions as resulting from an overproduction of consumer goods, leading to a fall in prices below costs of production. The gist of Aftalion's argument is as follows. The construction of new plants requires a longer period than the production of consumables, therefore demand cannot be adequately satisfied and prices remain high. As soon as new factories become operational, their output will flood the market for consumption goods, reducing prices and profit margins. Kalecki rejected this line of thought from the outset. On the very first page of his 1933 *Essay*, in direct reference to Aftalion he wrote: "This conclusion, which is inconsistent with reality, results from the false assumption that productive capacity remains fully employed, and indeed reaches its peak during depression" (Vol. I, p. 67). Yet why should the degree of utilization play such an important role in the phases of business cycles?

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Kalecki seemed to have worked out the *economic* answer to this question before its mathematical formulation in his 1933 *Essay*. Two outstanding papers published in 1932 in the Polish journal *Socialist Review,* now available in English thanks to this collection, explain why—with the crisis of the 1930s—the degree of capacity utilization has acquired such an important role. The first, called "The Influence of Cartelization on the Business Cycle" (Vol. I, part 2), is a critique of the view that the price-stabilization policies enforced by cartels would reduce output fluctuations, a thesis common also among social democratic circles and put forward in 1928 by Schumpeter in his *Economic Journal* paper "The Instability of Capitalism."

Kalecki begins by comparing two economies: one has both a cartelized and a competitive segment, while the other is freely competitive. The cartelized sector will display constant profit margins per unit of output because of price-fixing policies, whereas profit margins in the wholly competitive economy will fluctuate with prices. Hence, they will rise in a boom, due to the expansion of demand and the rise in prices, and fall in a recession on account of price deflation. It follows that, compared to the cartelized sector, profits in the competitive economy will also be higher in a boom and lower during a crisis. The competitive economy will, of course, be subject to output fluctuations. But since profit margins vary with the cycle, during a depression output will fall less than profits.

By contrast, the economy with a cartelized sector will behave roughly as follows. Cartels do not compete through prices but via the buildup of productive capacity, which is the main instrument for capturing the largest possible market share. In a boom, cartels engage in an "investment race" which, through its impact on the overall level of demand, will lift prices and profit margins in the competitive sector of the economy. However, this very investment race creates a situation in which at the beginning of the crisis the cartelized sector will already have a significant amount of excess capacity. In this context, stability in profit margins means that cartels will

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respond to a slowdown in demand by cutting the level of investment and of employment, causing additional unused capacity. Kalecki assumed that the competitive branches were concentrated mostly in the consumption- goods industries, a position which he changed after the war. As a consequence, the reduction in demand for consumption goods caused by the firing of workers in the cartelized industries will lead to a fall in the prices of consumption goods. Output in these industries will decline but not as much as the cartelized ones. On balance, the economy with a cartelized segment will show greater fluctuations in output than a wholly competitive system. Stability in profit margins does not mean, therefore, stability in the level of investment. On the contrary, capacity-based competition implies that the response to a slowdown in economic activity will come chiefly through a fall in investment levels.

From this brief presentation of Kalecki's early approach, it is easy to see how monopoly capital (cartels) and the problem of realization are connected via the role played by the degree of capacity utilization. In this way, both Lenin's and Rosa Luxembourg's preoccupations are unified in a novel theoretical framework reflecting the conditions of the 1930s. Following his theory, Kalecki developed a systematic criticism of the position expressed by the main economic thinker of the Communist International, Eugene Varga, concerning capitalism's ability to overcome the Great Depression.

In an article printed in the *Internazionalle Presse Korrespondenz* of February 1932, Varga argued that the fall in wages caused by the Depression would reduce unit costs of production, thereby favoring a recovery in the rate of surplus value and in the rate of accumulation. Furthermore, the fall in prices, by cheapening the cost of fixed capital, would help the recovery in the rate of profit and in the degree of capacity utilization. In Kalecki's eyes, the foundations of such an optimistic pronouncement were very shaky indeed ("Is a 'Capitalist' Overcoming of the Crisis Possible?", in Vol. I, part 2). He pointed out that a fall in wages, if accompanied by a

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proportional fall in prices, would not much affect the cost of production. If, on the other hand, wages fell more than prices because of the cartel policies, the likely outcome would be an increase in the level of unsold inventories in the consumption-goods sector. Also the rate of profit would not be increased by price deflation. In fact, a fall in profits resulting from a collapse in output greater than the fall in prices would increase the value of the stock of capital relative to the value of output. Consequently, the value of output per unit of capital would decline, pushing the rate of profit downward. If neither a fall in wages nor a decline in prices can contribute to a recovery in profitability, the system has very scant chances of finding its way out of the crisis, except in the case of a wartime boom. This is basically the position held by Kalecki throughout the 1930s. The capitalist world economy was seen as drifting helplessly toward war.

Kalecki's modifications of what may be called a classical Marxian approach to accumulation and crisis are basically two: (1) unused capacity is a phenomenon built into the working of a monopolistic economy; (2) price fixing by monopolies or oligopolies transforms any fall of wages into a fall in effective demand. At the same time, the monopolistic resilience of large corporations allows the transfer onto prices of any increase in wages exceeding the growth rate of productivity, unless unions are strong enough to prevent such an occurrence ("The Lesson of the Blum Experiment," 1938, in Vol. I, part 5; "Class Struggle and the Distribution of National Income," 1971. in Vol. II, part 1). In short, the system of monopoly capital is subject to declining profits like the competitive Marxian one, but unlike Marx's it is also held back by persistent unused capacity. It follows that the stimuli to expansion are more likely to come from external sources such as government expenditure on armaments.

These are the main themes Kalecki explored in the postwar years, aside from his contributions to the theory of growth in a socialist economy. After 1945 one did not have to be a Marxist to fear that with the end of the wartime boom the

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Depression Decade might come back. However, partly because of the noninflationary financing of the war itself and mostly because new wars (France in Indochina, the United States in Korea) got quickly underway, accompanied by U.S.-sponsored reconstruction programs in Europe instead of a slide into a new Depression, the global capitalist economy climbed onto a path of sustained growth. In this context, the innovations born during the interwar period, whose mass application was thwarted by the Depression but enhanced by the world war (telecommunications, autos, aviation, electronics, etc.), started to spread virtually to every branch of economic activity. This state of affairs transformed the cultural framework within which economic analysis was undertaken. The Platonic idea of static market equilibria gained prominence once again, and cycles were seen as fluctuations around a trend line expressing the long run growth rate. It is clear that, on these assumptions, the problems of the capitalist economy could be solved through clever financial manipulations. Downturns would be smoothed out by means of budget deficits, while other stimuli to private investment—such as depreciation allowances and flexible interest rates—would ensure a growth rate consistent with full employment.

Kalecki's postwar contributions to a dynamic theory are an antidote to the purge of crisis and stagnationist elements from the analysis of capitalist development. In the 1962 paper "Observations on the Theory of Growth" (Vol. II part 5), he explicitly took issue with the watering down of capitalism's problems to the simple antinomy (contradiction) of fluctuations around a trend line. "I believe," he wrote, "that the antinomy of the capitalist economy is in fact more far reaching: the system cannot break from the impasse of fluctuations around a static position unless economic growth is generated by the impact of semi- exogenous factors such as the effects of innovations upon investment" (Vol. II, p. 411).

A deeper discussion of the role of innovations followed six years later, just two years before his death, in "Trends and the Business Cycle" (Vol. II, part 5). The essence of the

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necessarily complex mathematical constructions contained in that article is easy to grasp. The dynamic behavior of a modern capitalist economy is based on the interaction of a number of factors. First, a mature economy possesses a high level of productive capacity. Older equipment, however, is associated with declining profits. In other words, the real costs associated with the operation of old machinery increase over time. Second, such an economy is organized on a monopolistic basis. In Kalecki's formulation, the degree of monopolization is expressed through a given, quite-inflexible share of profits in national income. Third, the higher the degree of monopolization in the economy, the lower the impact of the rise in costs associated with the operation of old equipment. Monopoly capital allows, therefore, for the absorption of the costs of holding onto relatively older machinery. Fourth, the impact of innovations on investment is greater the greater the transfer of profits from old to new capital equipment. Yet a highly monopolistic economy, capable therefore of reducing the impact of the rise in costs linked to old machinery, would need a very heavy stream of innovations in order to generate internally a high level of investment. It follows that, even taking innovations into account, a chronic underutilization of equipment may result if monopolistic elements are strongly entrenched in the system.

These were not just mathematical exercises. Kalecki's concern was to explain the actual course of the evolution of modern capitalism. His criticism of the view that things will be taken care of by technical change and his conviction that the basic contradictions of a monopolistic economy tended to reappear also in the postwar period were grounded in his analysis of the U.S. case. It is unfortunate that the editor of this collection has omitted Kalecki's excellent paper on the situation in the United States in the postwar period as compared to the prewar years. Luckily the essay is available in a collection of his papers published by Monthly Review Press*

*The book is out of print. Photocopies are available from University Microfilms.

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(The Last Phase in the Transformation of Capitalism). Kalecki's statistical analysis showed that the main factors preventing the reemergence of an overaccumulation crisis were external and institutional in nature: budget deficits, export surpluses, a higher share of taxes on profits. These factors were in very large part connected to armament expenditures.

However, the social and political picture of the 1950s is presented in a markedly different light from that of the 30s. The absorption of the surplus by external and institutional means enabled the U.S. economy to sustain a relatively high level of employment and a growth in wages along with productivity increases. This, Kalecki thought, caused a sort of social atrophy in the class consciousness of the working people. Therefore, he rejected the catastrophic view of capitalism dished out by the Communist Parties in the Soviet Union and Eastern Europe. In a series of lectures given in 1955 at the Central Committee of the Polish United Workers Party (Communist), Kalecki gave the following picture of the U.S. society: "This is an economic system which, though having a tendency to go into recession, avoids catastrophic crisis but does not show a high rate of economic growth." In turn, the "absence of severe crises changed the mentality of the U.S. masses and made them susceptible to the mass media and propaganda which, . . . in the U.S.A. are in fact controlled by the ruling class." ("The Impact of Armaments on the Business Cycle after the Second World War," Vol. II, pp. 400–401).

At the time of Kalecki's analysis in the 1950s, the tendencies toward stagnation in the United States were somewhat isolated from the rest of the world because both Europe and Japan were in a phase of economic reconstruction. The two subsequent growth periods in the United States during the 1960s and the 1980s were linked to actual war and/or military expenditure. In this respect Kalecki's conception of the evolution of capitalism has been confirmed. Yet there has been an important—perhaps decisive—new factor which demands a new theoretical analysis. U.S. growth in the 1960s was essential for the continuing expansion of Western Europe and,

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especially, of Japan. The second growth phase, despite the much more open character of the U.S. economy, did not put an end to the stagnation forces of the 1970s. Western Europe, although it increased its exports to the United States, remained basically in deep stagnation. The only positive repercussions were in Japan and related areas in Asia. The dominant and novel aspect of the 1970s and 1980s was not the growth of output, but the generalization of financial speculation.

Bourgeois economists look at financial speculation as a result of the irrationality of policy-makers. Instead, the rise of finance, its "emancipation" from production, should be seen as the cause, not the effect, of interest- and exchange-rate instability. It is also the cause of the intractability of balance-of-payments problems. The implication of the "financial explosion" is that the monopolistic corporation cannot be viewed as a stable and coherent unit. *Business Week's* realistic term "the hollow corporation" should not be read too literally. Corporations are very full indeed, but their internal operational coherence is shattered by the primacy of finance over production. The study of this new and most chaotic phase of capitalism must become the main task of present-day Marxian political economists. Marxists must scrutinize financial capital with the same revealing lens that Kalecki (and Baran and Sweezy) focused on industrial monopoly capital.

Recollection of a chat with Martin Luther King by a cell mate in a Selma, Alabama jail

> During an extended lull, Dr. King eventually came over and chatted with me. I was, of course, all ears. Dr. King spoke quietly about how difficult it would be to achieve true freedom for American Negroes, as they were then called. Superficial changes would not be enough, he went on—not even the Voting Rights Act, which was later won as a result of the Selma campaign. Indeed, he said, and I remember the words exactly, "If we are going to achieve real equality, the United States will have to adopt a modified form of socialism."
>
> Chuck Fager, "Memories from a Selma Jail," *In These Times*, February 9–15, 1983

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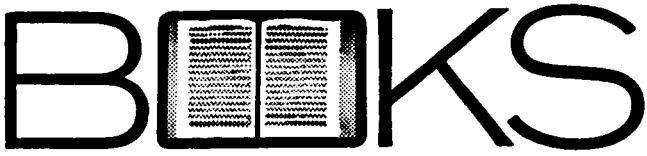

Unreluctant Radical

by Annette T. Rubinstein

The Education of a Reluctant Radical by Carl Marzani. New York: Topical Books, 1992. 175 pp. $21.95.

This is a truly delightful book despite its thoroughly misleading title. "Reluctant" is certainly the last adjective anyone in her right mind would think of applying to Carl Marzani. Some ten years ago, having occasion to present him at a dinner in honor of his seventieth birthday, I could think of no more fitting introduction than Thoreau's latinate definition of "integrity." "The best and bravest deed is that which the whole man—heart, lungs, hands, fingers, and toes—at any time prompts. This is the meaning of integrity; this is to be an integer and not a fraction." And just the other day, rereading the account of a long-forgotten interview Carl gave a young reporter, I was arrested by her description: "There is about . . . [him] a remarkable wholeness of being; he is the most perfectly integrated . . . [radical] I know. Everything he has learned in a long eventful life—about himself, others, the nature of human experience, the multiple causes of change—flows into his politics."

Why then does he so miscall himself? Certainly not because of any real confusion as to his true nature. In fact, a brief exchange he had with the prison psychologist at the end of his three-year prison term makes this clear. Having concluded a series of experimental interviews the doctor muttered in amazement: "Very strange. . . . You are not a rebel." Marzani apologized for laughing, saying that he had known this all his life. "I loved my parents and teachers; I

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paid attention to adults. A perfect attendance record in high school. And look at all the scholarships I had got. . . . I am not a rebel. I am a radical." And, as the many thousands who have known him personally or through his writings can testify, far from a reluctant one.

This first installment of his autobiography goes far to explain why. Although the comparatively brief account of a "Roman Childhood" ends as the adolescent and his family follow the socialist father in flight from Mussolini's Italy, it includes enough flash-forwards to give us a substantial sense of the life ahead. By far the greater part, however, is naturally devoted to the events and lives left behind.

The slight, loving, atheist father who literally killed himself by unaccustomed back-breaking labor in the mines and on the railroads of the new world, the devoted hard-working religious mother who lived to mourn her beloved husband for over forty years, both appear only briefly though unforgettably in the American scene. There are glimpses which make us impatient for the volumes still to come. For example, when Carl was indicted at the beginning of the Cold War (January 1947), the household was in danger of being drowned by his mother's seemingly unstaunchable tears. "Okay, Mama. I'll make a deal with the prosecutor, I'll give the names of the radicals I've come across in government." "You can't do that." "Then stop crying." And she did.

Again, when he saw her giving his four-year-old daughter a religious medal to kiss, and reminded her of their agreement not to influence the child, she promised, "No more, no more," but added, "I have a question for you. What makes you so sure?"

Yet it is, of course, in the earlier years that we really get to know his parents, their relations to each other, and, most important, his relations with both. His grandparents, uncles, aunts, a whole network of more remote relatives, a host of school friends, several priest confessors, all come vividly alive.

We learn of the premarital agreement that any children should be brought up as Catholics but that, if they decided to leave the church, there should be no pressure on them or recriminations. Surprisingly, this was scrupulously observed by both parties, and apparently by the entire family as well. When Carl's own crisis of faith came to a head after his father had left for the United States, his struggles were resolved when he imagined what his father would have said: "Now, Carluccio, . . . now Carluccio, it's all nonsense, ancient superstitions. Man has always invented his gods; they don't

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exist." "Man makes his gods: so true. There is no god: so simple. Going to the heart of the matter. I was spared many heartaches: my teachers, whom I loved, had not betrayed me. They believed; I could not."

The pages are crammed with schoolboy adventures, peccadillos, family emergencies, deep concern and fantasies of guilt about a younger sister's near fatal illness, perceptive sketches of various relatives, and strong visual memories of Rome itself. But beneath, above, and permeating the whole is the sense of family—of his parents' passionate love for each other and for him, of his love for them, of a sense of deep respect and unsentimental concern.

Yet this is not romanticized. Although Gabriele Marzani—Lello as his wife and relatives called him—believed in domestic as well as political equality, the boy had no illusions about who really had the final authority in the household. And despite his hero-worship for his sophisticated father, there are moments, surprisingly early ones, when the youngster resents, as his mother apparently does not, her endless household chores, her tireless will to please, and her willing submission.

Later, when fleeing Mussolini, the beloved father has secretly preceded the family to America, it is left for the mother, and her mother, to undertake all the necessary practical arrangements. The father's long letters, filled with comforting loving lies about the good job and comfortable life he had found in the new world, urged his wife not to get upset—to look to Uncle Paul and Uncle Peter for any help she needed. Looking back to the preparations for that exodus, Carl writes:

Mother upset? Ha! She was Boadicea driving her chariot with firm hands into the massed male ranks. To the best of my knowledge, she consulted no male relatives, only her mother. There was a lease to be dealt with, furniture to be sold, the knitting machines to be appraised, and specialized customers to be found. Passports and documents had to be procured, would-be buyers interviewed, evaluated, their references checked. Mother turned into a businesswoman: a pencil at the ready, she made lists in a school notebook and reminders to herself on scraps of paper. Nonna Anna came by almost every afternoon, and while I minded Marcella, the two women spent hours talking and scribbling on pages torn from the notebook. Mother kept me up to date: Nonna would ascertain prices and delivery dates from the Dubied Company in Switzerland and set the prices of our machines accordingly. Further, to avoid being squeezed, if Mother didn't get her price, Nonna would take over the

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machines to sell at leisure and advance us the money. It was a fine deal, with no male input.

Mother was busy, busy, busy, and she was blooming. There was a lesson on feminism right before my eyes, and I didn't see it for decades: the subordination of women is not only economic or sexual—it is social. Their minds and spirits are constrained by men's very presence, no matter how egalitarian the relationship has seemed to both parties. I have seen woman after woman bloom after her husband died and she was on her own—no matter how much love there had been. Far too many women's minds, underdeveloped, totter through life as, in olden times, upper-class Chinese women tottered on bound feet.

The temptation to continue quoting is great, but much of the book's charm lies in the cumulative effect of specific, sometimes inconsistent, always concrete, memories of a Rome peopled by intimately known Romans. There were mishaps, fears, disappointments, but always the boy loved and knew he was loved. His radicalism has deep roots, not only in his father's unassertive socialism, but in his childhood knowledge that life was good for him, and his faith that it could be—should be—good for all.

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Base and Superstructure Revisited

by Paul M. Sweezy

The Violence of Abstraction: The Analytic Foundations of Historical Materialism by Derek Sayer. Oxford: Basil Blackwell, 1987, 173 pp. $17.95.

One of the most urgent intellectual tasks of our time, I believe, is to rescue Marxism from the travesties that have been made familiar by bourgeois scholars and critics on the one hand and by mass social democratic and governing "Marxist" political parties on the other. To a surprising extent, the versions of Marxism emanating from these seemingly antagonistic forces overlap or coincide. They share the idea that Marxism is at bottom an economic determinism that yields a theory of history, called historical materialism, presumably valid for the entire life span of the human species from primitive communism through a series of class societies (slavery, feudalism, capitalism, socialism) to a higher form of classless communism. All agree that the modalities of this theory were authoritatively sketched by Marx himself in the well known Preface to his 1859 book *A Contribution to the Critique of Political Economy*. Here again is the oft-quoted passage:

In the social production of their life, men enter into definite relations that are independent of their will, relations of production that correspond to a definite stage of development of their material productive forces. The sum total of these relations of production is the economic structure of society, the real foundation on which rises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of social life conditions the social, political, and intellectual life process in general. It is not the consciousness of men that determines their

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being, but, on the contrary, their social being that determines their consciousness. At a certain stage of their development, the material productive forces of society come into conflict with the existing relations of production, or—what is but a legal expression for the same thing—of the property relations within which they have been at work hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins an epoch of social revolution. With the change of the economic foundation the entire immense superstructure is more or less rapidly transformed.

The key concepts in this passage are forces of production, relations of production, economic structure, and superstructure. There is a vast literature dealing with these concepts and the way they are supposedly interrelated in the *modus operandi* of the theory. The motor of change is generally located in the forces of production; as they develop (the possibility of their regressing is never entertained), they clash with the relations of production; the resulting misfit of forces and relations induces a revolutionizing of the base; the new base calls for and acquires a new superstructure. This completes the transformation of the old mode of production into a new one.

What is especially noteworthy about this schema is that it lends itself to a mechanical interpretation of Marx's thought, according to which the concepts (forces, relations, base, superstructure) are treated as separate and interacting entities like the parts of a machine, each subject to analysis independently of the others and all being meshed according to an invariant design. And indeed it is precisely this kind of mechanistic interpretation that has come to be widely accepted as the essence of Marxism not only by its critics but by many Marxists themselves.

There are, however, other interpretations of Marxism that can be traced back at least as far as the writings of Engels in the late 1880s and early 1890s. These display no uniformity, lack any agreed-upon texts, and none has ever achieved the status of the orthodoxy. What they have in common is a rejection of the mechanical interpretation of the 1859 Preface as a deterministic theory of history. Instead, they construe the passage quoted above to be exactly what Marx said it was in the Preface itself, i.e., as "the conclusion at which I arrived [as a result of earlier studies] and which, once reached, continued to serve as the guiding thread in my studies."

Treating the 1859 Preface as a guide to study rather than a theory of history implies that the key concepts of the Preface had a

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very different meaning for Marx from that attributed to them in the orthodox interpretation. The crucial question is this: what did Marx himself mean by forces of production, relations of production, economic structure, and superstructure? In order to answer this question, it is first necessary to understand that Marx himself never provided us with a neat set of quotable definitions. Not only was it not his style; to have done so would have been in flat contradiction to his entire methodological framework. For Marx, reality is fluid and ever-changing. A precise definition that grasps the reality of a given time and place distorts the reality of a different time and place. Concepts must therefore be capacious and open-ended; they must seek to grapple with a historical reality, not with an imaginary static reality. If you are a teacher and a student asks you what was Marx's definition of, say, capital, the right answer is that it took him three whole volumes to define it, and if he were bringing the definition up to date today, it would probably take several more.

If so much is understood, it follows quite naturally that there is no simple answer to the question as to what Marx meant by the concepts of the Preface. The only way to find out is to comb through his writings to look at how he used these and related concepts in carrying out and reporting on his studies of historical reality. And this is precisely what Derek Sayer undertakes to do in *The Violence of Abstraction,* the book under review. In my opinion, he does a first-rate job from which all students of Marxism, whether or not they consider themselves to be Marxists, can greatly benefit.

From the point of view of a theory of history, Sayer's most important contribution is to establish beyond any possibility of doubt that Marx did not treat the concepts of the Preface as referring to specific social entities which could be isolated and analyzed ("different, mutually exclusive, bits of empirical reality") like the parts of a machine or the organs of a living creature. For Marx, Sayer shows, the concept "forces of production" refers to the relations of human actors among themselves and with their material environment (natural and inherited from previous generations) in the process of producing and reproducing the life of the species. The "relations of production" concept also concerns relations among the same human actors. The difference between this category of relations and those included under the previous heading is not one of kind but one of focus. It might help to clarify the point by saying that relations subsumed under "forces of production" have to do with what are usually called processes of production, while those subsumed under "relations of production" have to do with

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control over the processes of production. This is why relations of production are so often—including by Marx himself—treated as another term for property relations.

Here it might be asked whether it is really possible to separate processes of production as such from the ways in which they are controlled. After all, processes of production are always changing (even if sometimes very slowly) and the nature of the changes has to be largely if not entirely determined by how they are controlled. The answer of course is that the separation is by no means absolute, that there is a great deal of overlapping and interpenetration, and that it would not even be unreasonable to do away with the separation altogether and merge forces of production into relations of production (or vice versa). Much of Sayer's discussion (especially in Chapter 3, entitled "Relations of Production") could be interpreted as evidence that in his actual practice Marx himself often did precisely that, showing scant respect for the kind of finely drawn definitions and distinctions so esteemed by our positivistically inclined social scientists.

When it comes to the superstructure, Sayer's argument is considerably more complex and in places difficult to follow. For present purposes it will suffice to quote two brief passages which, joined together, give the gist of his thought:

I believe that Marx's [frequent] references to the superstructure as "ideal" or "idealistic" hold the key to the entire base/superstructure metaphor. The "superstructure," in brief, is simply the "ideal" forms in which the totality of "material" relations that make up the "base" itself are manifested to consciousness, not a substantially separate order of reality at all. . . . The proper interpretative context for Marx's metaphor of base and superstructure, then, is that of his critique of ideology. Superstructures are the "social forms of consciousness" in which the "essential relations" of society are immediately grasped, and their analysis is coterminous with Marx's critique of immediate appearances . . . (pp. 84, 91)

This seems to me an eminently sensible position which is entirely consistent with many things Marx said (and Sayer quotes) at all stages of his intellectual development. But I have to add that I cannot accept it as an adequate interpretation of the language Marx uses in the 1859 Preface. To speak, as Marx does, of the "entire immense superstructure" as being "more or less rapidly transformed" does not sound to me like a statement about forms of consciousness, nor as consistent with what I understand to be Marx's views on the ways forms of consciousness actually change in the

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course of history. I am obliged to concede that at least as far as the superstructure is concerned, Marx thought he was indeed dealing with a "substantially separable order of reality," one that could be both conceptually and empirically distinguished from the "economic structure" (the term used in the Preface; "base" as a synonym came later).

Is this a concession to the traditional interpretation of the 1859 Preface as a summary of Marx's theory of historical materialism? My answer is, no not at all. The reason is that the Preface was not really about history in general but about capitalism in particular.* And capitalism happens to be the only historically known social system in which the economic structure is really a largely autonomous sub-system that, as such, gave rise to political economy, described by Marx in the Preface as the "anatomy of civil society." He tells how he came to direct his studies to political economy and how they led him to the general conclusion set forth in the passage quoted at length at the outset of this review. There is therefore no room for doubt that this conclusion referred to capitalism and capitalist history, not to other social systems and their history. If one wants further proof of this proposition, it should be enough to recall that it was precisely in this period (the 1850s) that Marx came to the conclusion, based on other studies (Marx was a very learned man) that Indian society, in the words of the Indian Marxist historian Bipan Chandra, was a "changeless society which was incapable of change from within"—a view obviously totally at odds with a universal theory of history of the kind supposedly expounded in the Preface.**

Once we are clear that the Preface is about capitalism and not about history in general, I think we have to moderate our enthusiasm for Sayer's analysis of the superstructure as consisting of forms of consciousness. It is not that this is wrong; it is only that as applied to capitalism it is incomplete and hence unreliable as a guiding thread to the study of this particular form of society. Under capitalism it is clear that the economic structure (forces of production/re-

*For a fuller discussion of this crucially important point, see my *Four Lectures on Marxism* (New York, Monthly Review Press, 1981), pp. 21–25.

**It is of course true that Marx's interpretation of Indian society was wrong, being based for the most part on British imperialist source material which was about all that was available to him at the time. But the fact that he held this view at all is very instructive: it shows that he did not believe in *any* universal theory of history and that he was wide open to empirical evidence.

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lations of production) exists as a relatively independent entity that can be and has been subjected to analysis as such. But since this is only one side or part of the society, it necessarily implies that there are other parts which likewise have a relatively independent existence. Whether or not these other parts should all be lumped together under the heading of superstructure, as Marx did, is a separate question that need not be debated here. I will only say that it seems to me perfectly reasonable and to have served over the years as a useful guiding thread for Marxist (and not a few non-Marxist) students of capitalism. It seems to me too that Sayer, in limiting the superstructure to forms of consciousness, is forgetting some of the wise things he said earlier on in the book about the need to keep always in mind that for Marx definitions and concepts are in principle open-ended and adaptable to new and changing historical situations.

One more point in order to avoid possible misunderstanding. In speaking of the relative independence of base and superstructure *under capitalism,* I do not mean to foreclose debate over precisely what belongs in one and what in the other, the state and law being the most important cases in point. I would not opt *a priori* for a particular solution to this question. It is not a matter of providing an accurate description of reality but of selecting the most fruitful approach to the historical problem or problems one is interested in investigating. And that can be determined only by trial and error and experience.

(Continued from inside back cover)

absolute necessity of politicizing and involving the half of the potential electorate that is today totally alienated from the political process.

We record with sorrow the death of Arthur Bassin (1910–1991) of which we became aware when we were informed that he had generously remembered MR in his will. We do not have a list of the original subscribers, but we have a clear recollection of his being one of the very early ones even if not on that list.

Readers interested in serious examination of the political scene are recommended to attend the 14th Annual Summer Intensive in Marxist Theory and Politics, organized by the New York Marxist School. Faculty will include Doug Henwood, Harry Magdoff, and Bill Tabb. The classes and discussions will be held July 14–25. For more information, write the School at 79 Leonard St., New York, NY 10013, or call (212) 941-0332.

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IN MEMORIAM

All of us at Monthly Review wish to take this opportunity to acknowledge our gratitude to the memory of the individuals listed below. They provided bequests in their wills or their heirs made contributions in their names to Monthly Review Foundation to assure the continued publication of our socialist message.

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NEW WORLD ORDER?

SOCIALIST REGISTER 1992

Edited by Ralph Miliband and Leo Panitch

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(Continued from inside front cover)

Notice that Mr. Wiaduck doesn't say a word about race or racism. He doesn't have to in order to get to the heart of the matter which is a *system* that results in a lot of people not having jobs. Of course he could, and probably would if pressed, add that for historical reasons race enters the picture because most blacks, and to a lesser degree other minorities, are at the bottom of the social order and suffer disproportionately from its oppressions and deprivations, a fact which manifests itself most spectacularly in the ghettos and barrios of the country's rotting inner cities.

If you understand this much, you will also find it easy to understand that the "problems of the minorities and the cities," focused on in the Times/CBS poll, are symptoms of a deep-seated disease that can be treated, if at all, only on a systemic basis.

At the same time, however, this is a conclusion that cannot be openly stated in polite company in this country today. The anticommunism of the cold-war period has somewhat abated but not to the point of allowing frank and open criticism of the capitalist system itself. The mass media simply will not tolerate it, and the chances of pursuing a successful academic career are greatly diminished for anyone who refuses to respect the culture's most sacred taboo. Under these circumstances radical criticism—radical in the sense of going to the root of the matter—has to be formulated in indirect ways, and readers (or listeners) have to be left to draw their own conclusions. Given these limitations, however, and given the increasingly catastrophic failures of the system, there are welcome signs that genuinely radical criticism is beginning to rise to the surface.

A brilliant example of what we have in mind is the op-ed piece entitled "Forgotten Americans" by Jacqueline Jones, a professor of history at Brandeis University, which appeared in the *New York Times* of May 5. Citing the steel belt in Indiana and the textile region of North Carolina as examples, Ms. Jones convincingly argues that all across the country there is a "diversity of distressed communities [that] mocks the pious stereotypes invoked by politicians and social scientists. . . . These groups, in addition to a generations-old black middle class in Washington . . ., lay bare the myth underpinning racial politics—that all blacks are poor and all whites are middle class. . . . Despite different histories, all poor areas lack good jobs for people with little formal education. . . . Poor people have few options in an economy beset by depressed wages. They remain where they are bound by kinship and neighborliness that belie the notion that the poor are 'shiftless' or weighted down by a 'culture of poverty'. . . . Distressed communities will surely grow and multiply. . . . When the recession and the outcry over the violence in Los Angeles recedes, the poor will still be struggling to provide for themselves. The depth of their hardship will serve as strident testimony to the shallowness of the 1992 presidential campaign."

What is being described here is quite simply the way capitalism works and always will work as long as it exists. Does this mean that nothing can be done to improve the situation short of replacement of the capitalist system? No, of course not. But it does mean that serious political action to go along with radical criticism must be oriented toward *forcing* the rulers of the system (represented in this country today by the Republican-Democratic cartel that monopolizes the positions of power) to do things like drastically revising the system of taxation and vastly expanding public-sector jobs to meet social and environmental needs. And this obviously implies the

(Continued on page 61)

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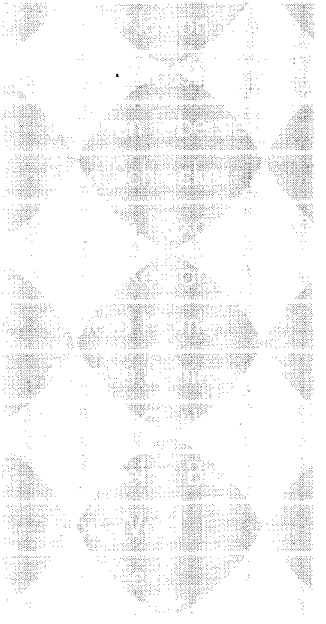

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